

The Hon. James P. Gray (Ret.)
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UNITED STATES DISTRICT COURT
 CENTRAL DISTRICT OF CALIFORNIA
 SOUTHERN DIVISION

TOYO TIRE & RUBBER CO., LTD., et. al,)	Case No. 8:15-sacv-00246-DOC (DFMx)
)	
Plaintiffs,)	Judge: The Hon. David O. Carter
)	
vs.)	ADRS Case No.: 16-4522-JPG
)	ORDER RE
CIA WHEEL GROUP, et. al,)	SPECIAL MASTER'S REPORT AND
)	RECOMMENDATIONS TO THE COURT
Defendants.)	RE PLAINTIFF'S MOTION TO COMPEL
)	FURTHER RESPONSES

And Related Consolidated Case

Based upon plaintiff's motion to compel further responses to Interrogatory Numbers 4 and 15 and Request for Production of Documents Number 90, a telephone conference call was duly scheduled to and did begin at 4:00 p.m. on Tuesday, January 3, 2017 among special master, William J. Robinson, Esq. representing plaintiffs, and Molly J. Magnuson, Esq. representing defendants. As a result of that hearing, and after giving all counsel a full opportunity to be heard, the following Report and Recommendations are hereby respectfully submitted to the Court: The motion regarding Interrogatory Number 4 should be Denied; and the motions regarding Interrogatory Number 15 and Request for Production of Documents Number 90 should be Granted, as Modified. With the understanding that discovery is closed in this matter except for issues involving allegations of

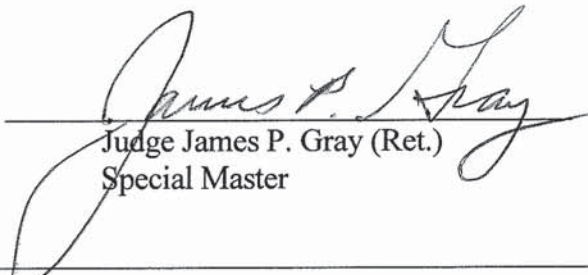
1 successor liability, the bases for these recommendations are as follows:

- 2 1. Interrogatory Number 4 requests an explanation about what steps defendants have taken
3 based upon the purchase agreement to ensure that defendants have enough resources to
4 satisfy a possible judgment in favor of plaintiffs. However, even though it might be
5 helpful to defendants to respond to the interrogatory voluntarily, defendants have no
6 legal obligation specifically to take any such ensuring steps. They would arguably have
7 obligations generally to pay all of their debts, but those possible debts to plaintiffs would
8 not necessarily have any priority. Accordingly, the interrogatory calls for irrelevant
9 information and should be Denied.
- 10 2. Interrogatory Number 15 requests statements about how the \$30 million purchase price
11 was distributed, and Request Number 90 calls for the production of all documents
12 showing that distribution. Generally, plaintiffs are entitled to information regarding
13 whether assets were transferred by defendants in an attempt to shield them from being
14 used to satisfy legal financial obligations of the defendant whose assets were allegedly
15 being purchased. That is properly discoverable information because it could reasonably
16 lead to admissible evidence at trial regarding the issue of successor liability in that, (1)
17 the successor may have expressly or impliedly agreed to assume the subject liabilities,
18 (2) the transaction could have resulted in a *de facto* consolidation or merger of the
19 successor and the predecessor, (3) the successor could be found merely to be a
20 continuation of the predecessor, or (4) the transaction could have been consummated for
21 the fraudulent purpose of escaping liability. See *CenterPoint Energy, Inc. v. Superior*
22 *Court* (2007) 157 Cal.App.4th 1101, 1120-21. However, the two requests are hereby
23 modified only to call for responses and documents addressing checks being paid or
24 monies transferred in the aggregate amount of \$25,000 or more from the predecessor or
25 successor to Mr. Philip Young, Mr. Paul Kim or any other creditor or entity. This will
26 include a production of all of predecessor or successor's bank statements at or after the
27 close of the transaction, as well as checks or other documents reflecting any such
28 payments or transfers of those monies.

29 These verified responses from defendants will be included in the scheduled production on January


1 6, 2017, which was already the subject of special masters' Report and Recommendations submitted
2 to the Court on December 21, 2016, and which has already been voluntarily adopted by counsel for
3 all parties. Maintaining this production schedule will greatly facilitate the taking of defendants'
4 30(b)(6) deposition on or before Wednesday, January 11, 2017.

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6 Dated this 4th day of January, 2017

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8 
9 Judge James P. Gray (Ret.)
10 Special Master

11 SO ORDERED, except as follows: _____
12 _____
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15 Dated: January 27, 2017 _____

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18 Judge of the United States District Court
19 DAVID O. CARTER
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